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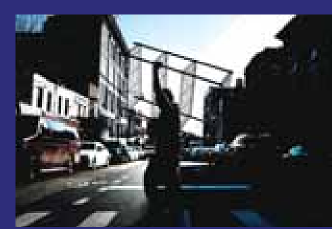
Turkish central bank sticks to high interest rates after inflation rise

Friday, May 7, 2021
Ramadan 25, 1442 AH

GULF TIMES
BUSINESS



ECONOMIC RECOVERY : Page 4

US weekly jobless claims drop to fresh 13-month low

Qatar-India trade amounts to $8.7bn in 2020: MoCI

Bilateral trade between Qatar and India amounted to nearly $8.7bn in 2020, and India ranks as Qatar's third trade partner, the Ministry of Commerce and Industry said yesterday.

HE the Minister of Commerce and Industry Ali bin Ahmed al-Kuwari met with Piyush Goyal, India's Minister of Commerce and Industry, Minister of Railways, and Minister of Consumer Affairs, via video conferencing.

During the meeting, officials touched on bilateral relations between Qatar and India and discussed aspects of joint co-operation, especially in the commercial, investment, and industrial fields, as well as ways to enhance and develop them.

During the meeting, officials underscored the need for the two sides to strengthen co-operation, ensure continuous co-ordination, and adopt the right strategies to guarantee the flow of goods and services between the two nations, which would support stability within the Qatari and Indian markets

During the meeting, al-Kuwari expressed his condolences to the government and people of India for the victims of the coronavirus pandemic, stressing that Qatar stands by India in facing the pandemic and its solidarity with it in light of the current health conditions it is witnessing.

The meeting also featured a discussion on bilateral trade policies and the efforts exerted by both sides to confront the Covid-19 pandemic.

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More than 51% of traded constituents make gains on QSE

By Santhosh V Perumal
Business Reporter

The Qatar Stock Exchange yesterday saw more than 51% of the traded constituents make gains although it treaded a flat path overall for the second consecutive day.

Five of the seven sectors were under the buying spotlight even as the 20-stock Qatar Index settled mere 0.01% lower at 10,895.72 points, having touched an intraday high of 10,910 points.

The gainers were seen outnumbering losers in the bourse, whose year-to-date gains were at 4.41%.

The Arab and Gulf individuals were seen net buyers in the market, whose capitalisation saw QR64mn or 0.1% increase to QR632.03bn, mainly owing to microcap segments.

The Islamic index was seen declining faster the main index in the market, which saw the consumer goods sector alone constituted more than 51% of the total trading volume.

A higher than average selling pressure was seen in the telecom and transport counters in the bourse, which saw a total of 91,875 exchange traded funds (Masraf Al Rayan-sponsored QATR and Doha Bank-sponsored QETF) valued at QR885,667 changed hands across 21 deals; while in the debt market, there was no trading of sovereign bonds and treasury bills.

The Total Return Index was down 0.01% to 21,568.74 points and the Al Rayan Islamic Index (Price) by 0.06% to 2,526.21 points, while the All Share Index rose 0.06% to 3,444.86 points.

The telecom and transport index shrank 0.93% and 0.38% respectively; whereas insurance gained 0.58%, consumer goods and services (0.35%), industrials (0.2%), banks and financial services (0.04%) and real estate (0.04%).

Major losers included Qatar Oman Investment, Qatari Investors Group, Qatar Industrial Manufacturing, Widam Food, Vodafone Qatar and Ooredoo; even as Salam International Investment, Al Khaleej Takaful, Investment Holding Group, Aamal Company, Ahlibank Qatar, Alijarah Holding, Qatar First Bank and Qatar General Insurance and Reinsurance were among the gainers.

Local retail investors' net profit booking increased noticeably to QR5.74mn compared to QR3.54mn on May 5.

Foreign individuals turned net sellers to the tune of QR3.17mn against net buyers of QR4.93mn on Wednesday.

Foreign institutions' net buying decreased substantially to QR15.81mn compared to QR43.54mn the previous day.

The Gulf institutions' net buying weakened perceptibly to QR2.62mn against QR7.22mn on May 5.

However, Arab individuals were net buyers to the extent of QR4.15mn compared with net sellers of QR0.7mn on Wednesday.

The Gulf individuals turned net buyers to the tune of QR1.95mn against net sellers of QR0.15mn the previous day.

The domestic funds' net selling shrank significantly to QR15.57mn compared to QR51.37mn on May 5.

The Arab institutions continued to have no major net exposure.

Total trade volume rose 50% to 400.12mn shares, value by 23% to QR610.65mn and transactions by 30% to 11,465.

The consumer goods and services sector's trade volume more than tripled to 205.7mn equities and value almost tripled to QR216.17mn on an 88% increase in deals to 3,056.

The insurance sector's trade volume more than doubled to 6.74mn stocks and value more than doubled to QR23.32mn on more-than-doubled transactions to 399.

The transport sector's trade volume more than doubled to 2.15mn shares and value also more than doubled to QR9.07mn on a 70% expansion in deals to 269.

The market witnessed a 31% surge in the industrials sector's trade volume to 98.16mn equities, 8% in value to QR135.27mn and 16% in transactions to 2,799.

However, the telecom sector's trade volume plummeted 35% to 1.71mn stocks and value by 28% to QR8.61mn; whereas deals grew 60% to 420.

There was a 34% plunge in the real estate sector's trade volume to 38.77mn shares, 39% in value to QR62.23mn and 24% in transactions to 1,112.

The banks and financial services sector's trade volume tanked 31% to 46.88mn equities and value by 6% to QR155.97mn; while deals shot up 28% to 3,410.

'Job paradox' baffles economists as US employers see shortage

Bloomberg
New York

As the US job market comes roaring back, there's a growing debate about whether there are enough workers to power faster economic growth.

Companies from fast food chains like Chipotle Mexican Grill Inc to chicken producer Pilgrim's Pride Corp and MGM Resorts International say they can't find – or entice – enough workers. In earnings calls and business surveys, executives often blame stimulus checks and generous unemployment benefits for hampering hiring efforts.

But economists and policy makers are unclear about what's really causing this gap and how long it will last. Hiring remains robust for now, indicating these labour disparities aren't necessarily a problem. The worry is if labour shortages do persist – especially in the leisure and hospitality industry – that could slow demand and possibly lead to price increases.

Friday's employment report, which is projected to show the economy added 1mn jobs in April, should offer new insight into this mismatch and whether it's deterring growth.

"There is definitely a job paradox that's going on," said Joe Song, senior US economist at Bank of America Corp. It's difficult to quantify, "but it's clearly a challenge that's weighing on a quicker pace of recovery."

While the unemployment rate probably fell to 5.8% last month, according the median estimate in a Bloomberg survey of economists, the labour force participation rate remains well below pre-pandemic levels. Further, the employment to population ratio – which measures the share of the population that is employed – is still more than three percentage points below where it was before Covid-19.

Lingering health concerns, ongoing child care responsibilities and the inability to do some jobs from home are just some of the reasons why Americans are reluctant to return to work. Some are also retiring early.

And anyone who previously made less than $32,000 per year is better off financially in the near term receiving unemployment benefits, according to economists at Bank of America.

Zoraida Rodriguez, a cleaner at the Bernard B Jacobs Theatre in New York for 15 years, says she can't find a retail job with steady work and collecting unemployment is a better option until Broadway theatres reopen and she can return to her old job.

"Is it worth it to go to a $10-an-hour job without benefits?" said Rodriguez, who lives in New Jersey.

But fiscal stimulus isn't the only problem. Many of the unfilled jobs in the restaurant and retail industry underscore the fact that employers aren't paying adequately or giving workers enough hours, according to Economic Policy Institute's Heidi Shierholz.

"Employers are like: 'Why the hell, if there are so many people who need jobs, can't I find somebody really awesome, really cheap?'" said Shierholz, who worked as chief economist at the Labor Department under President Barack Obama.

The pandemic has also exacerbated shortages of skilled workers in certain industries, like manufacturing and construction, which existed before the crisis.

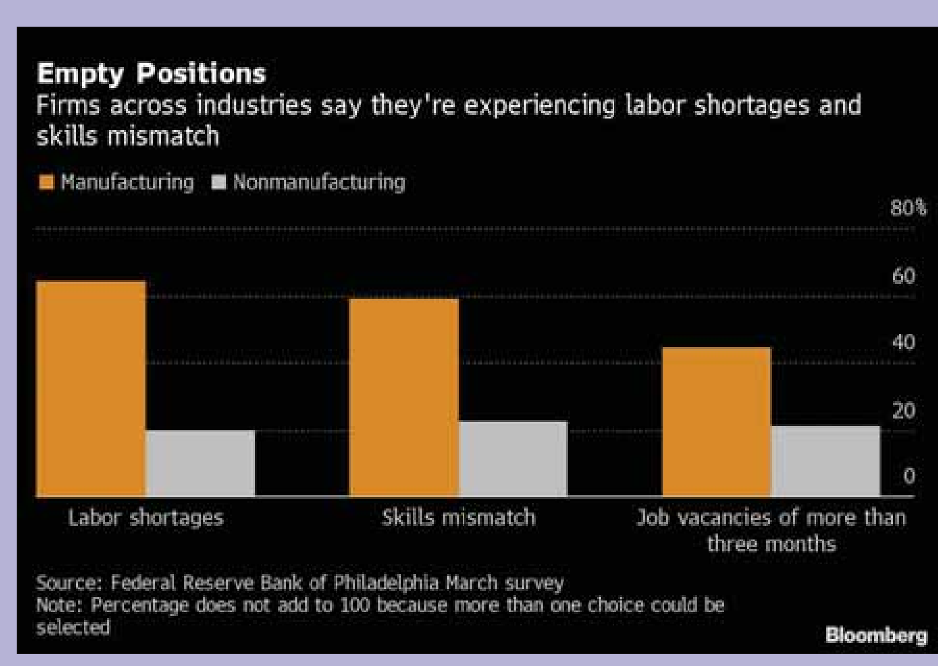
Filling vacancies remains a widespread challenge, especially for low-wage and hourly workers, and many firms have had to increase pay or offer signing bonuses to attract applicants, according to the Federal Reserve's latest Beige Book.

What's more, the rate at which people are quitting their jobs is in line with rates before the pandemic, according to government data.

But, curiously enough, millions of Americans remain out of work. Initial claims for state unemployment benefits totalled 498,000 last week, Labor Department data showed yesterday.

All of this could hamper economic growth. Already, the Biden administration is grappling with challenges posed by this labour market disparity.

"If we're having that kind of job shortage at a time when the economy is still in front of what almost everybody thinks is going to be a very substantial boom over the next six months, I am concerned about inflation and inflation expectations," said former Treasury Secretary Larry Summers in a Bloomberg TV interview.



But policy makers including Fed chair Jerome Powell say the mismatch is temporary and that workers will likely eventually return to the labour force, including after extended jobless aid programmes end.

Case in point: Payrolls among private employers surged in April across most industries, bolstered by gains in leisure and hospitality, according to ADP Research.

Turkish central bank sticks to high interest rates after inflation rise

Reuters
Istanbul

Turkey's central bank held its key interest rate steady at 19% as expected yesterday and repeated a pledge to keep it above inflation, which the bank expects to cool after having risen beyond 17% as the lira depreciated.

The lira has shed 13% since mid-March. But the currency edged up slightly after the central bank said it will maintain its current stance until inflation falls according to a forecast published last week, in which it predicted price pressure would ease beginning this month.

The central bank also said that past rate hikes – including as recently as in March – have begun to cool demand in the economy.

It also dropped a reference made in April's policy statement to "maintain the tight monetary stance".

With the rate left unchanged for a second straight month, Oyak Securities said the new guidance "signals that the tight monetary policy will not be (abandoned) as soon as June." Last week, the central bank raised its year-end inflation expectations to 12.2% from 9.4%, still below market expectations.

It expects inflation to dip from April, when it climbed to 17.14%, its highest level in nearly two years.

"Taking into account the high levels of inflation and inflation expectations, the current monetary policy stance will be maintained until the significant fall in the (bank's) forecast path is achieved," the monetary policy committee said.

It added that the tight stance has had a "decelerating impact" on credit and domestic demand.

In a Reuters poll, all 18 economists forecast the bank would keep its one-week policy rate unchanged, before easing likely in the third quarter.

Many analysts expect inflation will keep rising this month and possibly in June.

Turkey's central bank headquarters is seen in Ankara (file). The bank held its key interest rate steady at 19% as expected yesterday and repeated a pledge to keep it above inflation, which the bank expects to cool after having risen beyond 17% as the lira depreciated.

In April, the sagging lira and pricy commodity imports pushed producer price inflation up above 35%, which could keep driving up consumer inflation in the coming months.

President Recep Tayyip Erdogan has repeatedly called for monetary stimulus to boost economic growth.

The central bank "maintained a hawkish tone (and) policymakers left the door open for the start of an easing cycle over the coming months," said Jason Tuvey, senior EM analyst at Capital Economics. "As inflation starts to drop back…we suspect that the central bank will begin cutting rates."

Lebanese judge orders asset freezes for individuals tied to major banks

Reuters
Beirut

A Lebanese judge has ordered a protective freeze of some properties and company stakes of 14 individuals with links to some of Lebanon's biggest banks, a move the lenders said could further isolate them from international financial networks.

The asset freezes, listed in a judicial document seen by Reuters, are part of a legal complaint lodged by lawyers belonging to a civil society group on behalf of Lebanese depositors.

Lebanon's banks were once among the world's more profitable lenders, funnelling funds from a scattered diaspora into state coffers in return for high interest rates.

But as Lebanon's economic meltdown gathered pace and dollar remittances dried up, the financial system was starved of funding.

The complaint accuses local banks, which have frozen customers out of their deposits and blocked them from transferring cash abroad since the crisis erupted in late 2019, of crimes including negligence and fraud.

Lenders have denied any wrongdoing and have repeatedly said that customers' deposits are safe. "The Lebanese banks, the majority of them, have taken over the deposits of their customers and then against the law lent these deposits to the government and to the central bank, which spent it on their international commitments and on salaries," Hasan Bazy, one of the lawyers who brought the case forward, told Reuters, adding that more complaints would be forthcoming.

"These banks and their managers have assets in companies and have real estate and we wanted these to be blocked so that they can be used as a guarantee for the money of depositors in case it can't be retrieved."

A judicial source confirmed the judge's decision, which can still be appealed by the individuals in question after they have been legally informed of the decision.

The complaint accuses local banks, which have frozen customers out of their deposits and blocked them from transferring cash abroad since the crisis erupted in late 2019, of crimes including negligence and fraud

In response to the judge's order, the Association of Lebanese Banks said it respected judicial authority but that such decisions could push more foreign correspondent banks to curtail their business relations with Lebanon's financial system.

"The constant attack on banks and bankers is not the ideal way to get deposits back, which we assure are safe," the association said in a statement.

Lebanon's central bank governor Riad Salameh warned last month about the loss of correspondent banking relations in a letter to the public prosecutor.

But Bazy said more legal complaints would soon follow: "This is the first in a series of cases we plan to file, ultimately targeting around 70 banks."

CORPORATE RESULTS

Volkswagen profits jump, but chip shortage impact not over

German carmaker Volkswagen reported a jump in first quarter profits yesterday but warned that a global shortage of semiconductors that has hurt production would have a "more significant impact" in the coming months.

The auto giant reported net profits of €3.4bn ($4bn), up from €517mn over the January-March period in 2020 when the first wave of the pandemic closed showrooms and factories.

Revenues for the 12-brand group, which includes the Audi, Porsche and Skoda marques, climbed 13% to €62.4bn, it said in a statement.

The hike was driven by a rebound in car sales especially in China, the world's largest auto market, and robust global demand for high-profit luxury models, VW said.

The automaker also highlighted the growing popularity of more environmentally friendly vehicles, with sales of its electric and hybrid cars more than doubling to 133,000 units.

Overall, the group delivered 2.4mn vehicles in the first quarter of the year.

"We started the year with great momentum," said CEO Herbert Diess.

"Our e-offensive continues to gain momentum and we are making good progress with the transformation.

There is still much more we can achieve in the remainder of the year."

Chief finance officer Arno Antlitz said VW had "managed the effects of Covid-19 and the semiconductor shortages responsibly" over the first quarter.

Like other carmakers, VW has been grappling with a supply crunch of semiconductors as the pandemic boosts demand for crucial microchips also needed for consumer electronics.

The chip shortage has forced VW to trim auto production at some plants and put thousands of workers on shorter hours, delaying car deliveries.

"The shortage of semiconductors throughout the industry is expected to have a more significant impact in the second quarter than before," said Antlitz.

"Nevertheless, we are confident regarding business development in the full year," he added.

The group lifted its full-year outlook, saying it now expected an operating return on sales of between 5.5% and 7.0%, compared with an earlier target of 5.0%-6.5%.

The VW group sold more than 9.2mn vehicles last year.

Japanese rival Toyota sold 9.5mn vehicles in 2020, taking VW's crown as the world's top-selling carmaker for the first time since 2015.

Kellogg

Kellogg Co raised its annual forecasts yesterday after posting better-than-expected revenue and profit, signalling that the pandemic-induced surge in demand for its cereals and snacks has not weakened even as the US economy reopens.

Fresh curbs in several parts of the world, including France, the United Kingdom and parts of Asia early this year have also helped demand as consumers stuck at home indulged in snacks.

Sales grew 10% in Europe and about 2% in North America, its biggest market, sending shares of Kellogg up 7%. The company's forecast raise came at a time when its peers including Kraft Heinz and Mondelez International Inc have flagged a hit to earnings from higher costs for sugar, wheat and soy as well as freight.

Kellogg said its increased forecast takes into account the higher costs, mainly thanks to better pricing of its products.

Known for its Corn Flakes and Honey Loops cereals, Kellogg projected full-year organic net sales to be nearly flat, compared to prior estimate of about 1% decline.

Net sales rose to $3.58bn in the quarter ended April 3 from $3.41bn a year earlier.

Analysts were expecting sales of $3.38bn, according to IBES Refinitiv.

Excluding items, Kellogg earned $1.11 per share, beating analysts' average estimate of 96 cents per share.

Moderna

Moderna Inc yesterday said it believes countries around the globe would continue buying its Covid-19 vaccine for years even if patents on the shots are waived, noting that rivals would face significant hurdles in scaling up manufacturing.

The comments come a day after the United States said it would support waiving intellectual property rights for Covid-19 vaccines in order to help speed an end to the pandemic, paving the way for what could be months of negotiations to hammer out a specific waiver plan.

"While this is a negative headline," said Morgan Stanley analysts in a research note, there is no mechanism "to force management to teach other manufacturers how to make their vaccine, suggesting no change to the status quo."

Moderna, which said in October it would not enforce patents on its vaccine during the pandemic, noted the lack of companies able to rapidly scale up complex manufacturing of a similar vaccine to meet surging global demand.

"They will have to go run a clinical trial, get the data, get the product approved and scale manufacturing. This does not happen in 6 or 12 or 18 months," Moderna chief executive Stephane Bancel said on a post-earnings conference call.

The company said it expects to produce between 800mn to 1bn doses this year.

Moderna raised its 2021 sales forecast for its Covid-19 shot by 4.3% to $19.2bn on Thursday, two days after Pfizer increased its full-year Covid-19 vaccine sales forecast more than 70% to $26bn.

The company also reported its first-ever quarterly profit on sales of the vaccine.

ING

Top Dutch bank ING said yesterday net profit bounced back by half for the first quarter of 2021 to more than €1bn ($1.2bn) on the back of economic recovery.

"ING delivered a strong performance in the first quarter of 2021," its chief executive Steven van Rijswijk said.

"The sharp rebound in net profit compared to the year-earlier period was driven by a good increase in fee income and lower risk costs," said Van Rijswijk said in a statement.

Total income was also up by 4.2% from €4.5bn to €4.7bn, ING said in a statement.

The good results also came backed by Europe's so-called targeted longer-term refinancing operations, a Eurosystem move that provides financing to credit institutions, ING said.

Introduced since mid-2014, with the latest in 2019 called the TLTRO III, the operation regulates the amount banks can borrow, linked to their loans to non-financial corporations and households.

"Excluding the TLTRO III benefit, net interest income would have declined by €221mn compared with the first quarter of 2020," ING said.

But "ING's lending franchise demonstrated its strength in the first quarter, including through our success in converting European Central Bank TLTRO financing into lending to benefit our customers as they continue to deal with the effects of the Covid-19 pandemic, thereby supporting the recovery," Van Rijswijk said.

Societe Generale

Societe Generale will press ahead with an overhaul of its investment bank after its equities division posted its best performance in six years in the first quarter, the French bank said yesterday.

Revenue from share trading surged to €851mn from just €9mn a year ago, helping SocGen post a better than expected net profit of €814mn ($977mn) after a loss of €326mn in the first quarter of 2020.

"The equity businesses enjoyed their best quarter since 2015," SocGen said in a statement.

Under pressure to boost profitability, SocGen chief executive Frederic Oudea has accelerated an overhaul of its businesses underway since 2018 to reinforce its balance sheet.

It has sold divisions in Eastern and Central European countries such as Poland, Serbia and Bulgaria and also either quit or cut back some corporate and investment banking (CIB) activities, such as commodities trading.

SocGen's head of global banking and investor solutions, Slawomir Krupa, said the equity trading rebound would not change the CIB review due to be unveiled on May 10 as the lender wants to lower the risk profile of its structured products.

Last year, SocGen was hit by losses from complex derivative products and the bank said it would drop some business lines.

SocGen's earnings per share jumped to €0.79, above an average forecast for €0.23, according to Refinitiv data.

Munich Re

German reinsurance giant Munich Re posted higher first-quarter profits yesterday and said it was on course to meet its 2021 targets despite payouts linked to Covid-19 and a US cold snap.

The Munich-based group, whose main business is cushioning other insurers against risk, booked a net profit of €589mn ($708mn) over the January-March period, up from €221mn a year earlier.

Premium takings, which are equivalent to revenues in the insurance sector, climbed 1.9% to reach €14.5bn.

The company had already said in an unscheduled announcement in late April that profits were going to beat analyst estimates, boosted by rising reinsurance prices and a strong performance by primary insurance unit Ergo.

Munich Re said in a statement that it nevertheless took an "above average" hit in claims for major losses arising from natural catastrophes, led by a February freeze in Texas that cost the firm €450mn.

The coronavirus pandemic posed "a considerably lower burden" over the first three months compared with last year, it added, with Covid-19 claims totalling €167mn.

"On top of the anticipated Covid-19 losses, there was an unusual cold snap in the United States early this year," said chief financial officer Christoph Jurecka.

ArcelorMittal

Steel giant ArcelorMittal said yesterday it recorded its best quarterly performance in a decade as commodity prices have soared due to booming demand fuelled by an economic recovery from the pandemic.

The Luxembourg-based group's net profit nearly doubled to $2.3bn (€1.9bn) in the first quarter compared to the last three months of 2020, according to an earnings statement.

Sales surged by 15% in the first three months of the year to $16.2bn as steel prices and iron ore revenues rose. Prices of raw materials ranging from copper to lumber and tin have skyrocketed in recent months as economies have started to bounce back from the coronavirus pandemic.

ArcelorMittal forecast an increase in steel demand of up to 5.5% after a contraction last year.

"The first quarter of this year has been our strongest in a decade," chief executive Aditya Mittal said in a statement.

"While this is naturally a very welcome development following a highly challenging 2020, we are mindful that Covid continues to be a health challenge across the world, especially in developing economies," Mittal said.

The group is present in 60 countries and is listed in stock markets across Europe and New York.

General Motors

General Motors reported higher first-quarter profits on Wednesday and reaffirmed its full-year outlook despite a global shortage of semiconductors that has constrained manufacturing.

The big US automaker reported profits of $3bn, 10 times the level in the year-ago period, on strong vehicle pricing.

The company said it is "highly confident" in its full-year financial outlook released in February.

Revenues were essentially flat at $32.5bn.

GM benefited from higher auto deliveries in the United States and China that more than offset declines in other markets.

Another bright spot was GM Financial, its lending arm, which posted higher profits amid rising prices for used vehicles.

"These strong results demonstrate once again the underlying strength of our business, especially in North America and China and at GM Financial," chief executive Mary Barra said in a letter to shareholders.

"We continue to execute our strategy and make significant progress on our transition to an all-electric future with the growth opportunities it creates."

Barra, in a conference call with reporters, said the second quarter would be the "weakest" period of 2021, but that the company's continued confidence in the full-year outlook reflects "super creative" ingenuity throughout its supply chain teams.

Barra said she now expects full-year operating profit to be "at the higher end" of the previously-released $10bn to $11bn range.

QATAR

Company Name	Lt Price	% Chg	Volume
Zad Holding Co	15.79	0.89	193,522
Widam Food Co	4.78	-2.01	717,044
Vodafone Qatar	1.75	-1.02	669,416
United Development Co	1.62	0.12	1,384,076
Salam International Investme	0.94	8.20	191,684,364
Qatar & Oman Investment Co	1.02	-3.23	20,732,719
Qatar Navigation	7.49	-0.44	171,125
Qatar National Cement Co	5.15	-0.21	60,137
Qatar National Bank	17.99	0.39	3,134,859
Qlm Life & Medical Insurance	5.20	0.00	466,588
Qatar Islamic Insurance Grou	7.90	0.00	100,000
Qatar Industrial Manufactur	2.88	-2.14	280,654
Qatar International Islamic	9.35	0.21	563,495
Qatari Investors Group	2.28	-3.02	5,802,453
Qatar Islamic Bank	17.29	0.06	915,160
Qatar Gas Transport(Nakilat)	3.16	-0.47	1,202,860
Qatar General Insurance & Re	2.45	2.00	21,836
Qatar German Co For Medical	2.82	0.36	853,862
Qatar Fuel Qsc	18.20	0.05	221,980
Qatar First Bank	1.91	1.59	7,196,186
Qatar Electricity & Water Co	17.00	0.00	107,600
Qatar Exchange Index Etf	10.69	-0.09	80,209
Qatar Cinema & Film Distrib	4.10	0.00	-
Al Rayan Qatar Etf	2.59	-0.04	11,666
Qatar Insurance Co	2.50	0.04	2,594,934
Qatar Aluminum Manufacturing	1.54	-0.52	10,781,039
Ooredoo Qpsc	7.09	-0.90	1,041,513
Alijarah Holding Company Qps	1.19	1.11	2,864,424
Mazaya Real Estate Developme	1.16	-0.52	14,415,422
Mesaieed Petrochemical Holdi	1.90	-0.73	4,831,035
Al Meera Consumer Goods Co	18.95	0.80	282,497
Medicare Group	9.30	-0.84	168,928
Mannai Corporation Qsc	3.98	-0.35	405,202
Masraf Al Rayan	4.45	-0.43	4,184,673
Al Khalij Commercial Bank	2.14	-0.56	1,445,060
Industries Qatar	13.54	0.67	747,154
Inma Holding Company	5.11	0.20	384,280
Investment Holding Group	1.11	2.97	41,989,910
Gulf Warehousing Company	5.13	0.57	779,390
Gulf International Services	1.46	-0.68	7,463,415
Al Faleh Education Holding	2.20	5.72	2,425,734
Ezdan Holding Group	1.80	-0.17	21,655,265
Doha Insurance Co	2.00	-0.20	212,435
Doha Bank Qpsc	2.50	0.12	2,014,516
Dlala Holding	1.70	0.77	1,992,172
Commercial Bank Psqc	5.32	-0.97	1,443,358
Barwa Real Estate Co	3.24	0.12	1,316,341
Baladna	1.62	0.56	11,175,788
Al Khaleej Takaful Group	3.96	3.91	3,340,298
Aamal Co	0.99	2.27	26,099,537
Al Ahli Bank	3.70	2.13	8,485

KUWAIT

Company Name	Lt Price	% Chg	Volume
A'ayan Real Estate Co Sak	112.00	12.00	18,196,400
Aan Digital Services Co	12.90	3.20	35,428,889
Aayan Leasing & Investment	189.00	0.00	-
Acico Industries Co Kscc	110.00	0.92	1,790,851
Advanced Technology Co	495.00	0.00	-
Agility	1,078.00	-1.73	8,687,186
Ahli United Bank (Almutahed)	293.00	1.99	1,518,044
Ahli United Bank B.S.C	218.00	2.83	85,466,510
Ajial Real Estate Entmt	232.00	4.50	1,257,390
Ajwan Gulf Real Estate Co	10.70	0.00	-
Al Ahli Bank Of Kuwait	203.00	-0.49	1,135,160
Al Arabi Group Holding Co	198.00	0.00	-
Al Arabiya Real Estate Co	37.00	-3.65	6,595,810
Al Bareeq Holding	90.00	0.00	510
Al Madina For Finance And In	16.20	0.00	-
Al Maidan Dental Clinic Co K	1,240.00	0.00	-
Al Mal Investment Company	5.90	0.00	-
Al Manar Financing & Leasing	68.60	-4.46	335,173
Al Masaken Intl Real Estate	43.50	0.93	2,077,175
Al Mudon Intl Real Estate Co	20.60	0.00	-
Al Safat Energy Holding Comp	49.10	-4.10	3,938,568

KUWAIT

Company Name	Lt Price	% Chg	Volume
Al Salam Group Holding Co	32.00	16.79	20,839,984
Al Tamdeen Investment Co	241.00	-5.49	27,767
Al-Ahleia Insurance Co Sakp	487.00	6.33	211,127
Al-Deera Holding Co	208.00	0.48	47,676
Al-Eid Food Ksc	190.00	-0.52	783,660
Al-Enma'a Real Estate Co	78.50	1.68	4,682,329
Al-Madar Finance & Invt Co	136.00	-1.45	321,000
Al-Massaleh Real Estate Co	55.10	-8.17	424,494
Al-Mazaya Holding Co	74.20	-0.80	8,012,652
Alargan International Real	101.00	-9.01	85,100
Alimtiaz Investment Group	125.00	0.00	11,084,850
Alkout Industrial Projects C	642.00	0.00	-
Alrai Media Group Co Ksc	25.50	0.00	489,961
Amar Finance & Leasing Co	52.80	-4.86	700
Amwal International Investme	17.80	0.00	167,000
Aqar Real Estate Investments	68.60	-0.15	83,000
Arkan Al Kuwait Real Estate	112.00	0.00	1
Arzan Financial Group For Fi	121.00	-0.82	6,177,630
Asiya Capital Investments Co	44.60	4.21	3,097,132
Automated Systems Co Kscc	104.00	-0.95	147,188
Aviation Lease And Finance C	230.00	-2.13	3,434,673
Bahrain Kuwait Insurance	191.00	0.00	-
Bayan Investment Co Kscc	60.00	0.00	11,706,727
Boubyan Bank K.S.C	667.00	0.00	780,486
Boubyan Petrochemicals Co	920.00	0.00	121,013
Boursa Kuwait Securities Co	1,197.00	-0.25	343,989
Burgan Bank	227.00	0.89	2,075,284
Burgan Co For Well Drilling	154.00	-1.91	3,883,686
Coast Investment Development	61.20	8.13	11,350,731
Combined Group Contracting	315.00	1.29	769,638
Commercial Bank Of Kuwait	500.00	0.00	-
Commercial Facilities Co	189.00	-0.53	421,071
Commercial Real Estate Co	108.00	2.86	2,749,001
Credit Rating & Collection	29.40	0.00	37,975
Danah Alsafat Foodstuff Co	0.00	0.00	-
Dar Al Thuraya Real Estate C	76.90	3.50	405,000
Dulaqan Real Estate Co	274.00	0.00	-
Educational Holding Group	665.00	-5.00	329,339
Effect Real Estate Co	0.00	0.00	-
Egypt Kuwait Holding Co Sae	325.00	0.00	69
Ekttitab Holding Co Sak	22.50	20.97	49,609,914
Energy House Holding Co Kscp	36.00	0.00	1,074,822
Equipment Holding Co K.S.C.C	33.10	0.00	-
First Dubai Real Estate Deve	72.30	1.97	3,940,978
First Investment Co Kscc	86.30	5.24	34,615,983
First Takaful Insurance Co	55.00	2.80	17,853
Fujairah Cement Industries	34.40	0.00	2,250
Future Kid Entertainment And	99.00	8.79	2,964,859
Gfh Financial Group Bsc	57.60	-0.17	4,879,330
Gulf Bank	227.00	0.89	11,160,152
Gulf Cable & Electrical Ind	845.00	3.43	894,188
Gulf Franchising Holding Co	61.90	-4.77	31,000
Gulf Insurance Group Ksc	711.00	-0.14	49,290
Gulf Investment House Ksc	208.00	7.22	5,856,322
Gulf North Africa Holding Co	60.50	0.00	-
Gulf Petroleum Investment	26.80	1.90	18,566,568
Hayat Communications	69.50	-5.18	1,294,462
Heavy Engineering And Ship B	425.00	1.19	2,285,697
Hilal Cement Co	91.00	7.06	100
Humansoft Holding Co Ksc	3,660.00	1.67	595,893
Ifa Hotels & Resorts Co. K.S	47.60	1.49	3,167,178
Independent Petroleum Group	510.00	0.00	-
Injazzat Real State Company	78.00	2.50	589,913
Inovest Co Bsc	118.00	4.42	20,554,364
Integrated Holding Co Kcsc	412.00	-0.24	1,911,795
Intl Financial Advisors	122.00	7.02	28,188,814
Investors Holding Group Co.K	15.30	0.00	-
Jazeera Airways Co Ksc	675.00	-0.74	605,977
Jiyad Holding Co Ksc	50.10	2.45	2,237,951
Kfh Capital Reit	1,070.00	0.19	39,752
Kgl Logistics Company Kscc	31.80	0.00	-
Kipco Asset Management Co	109.00	-1.80	1,028,959
Kuwait & Gulf Link Transport	60.00	1.18	4,376,463
Kuwait & Middle East Fin Inv	144.00	0.70	303,100
Kuwait Business Town Real Es	81.00	-0.49	3,108,071
Kuwait Cement Co Ksc	256.00	-2.29	498,914
Kuwait Co For Process Plant	565.00	0.53	181,020
Kuwait Finance & Investment	99.00	10.00	881,456
Kuwait Finance House	727.00	0.14	8,058,500
Kuwait Financial Centre Sak	126.00	1.61	3,630,468
Kuwait Foundry Co Sak	288.00	-2.04	95,441
Kuwait Hotels Sak	56.90	-0.87	294,390
Kuwait Insurance Co	375.00	0.00	470
Kuwait International Bank	220.00	1.38	8,674,951
Kuwait Investment Co	204.00	0.00	2,851,700
Kuwait National Cinema Co	936.00	8.33	3,933
Kuwait Portland Cement Co	900.00	0.00	110,511
Kuwait Projects Co Holdings	160.00	-0.62	835,380
Kuwait Real Estate Co Ksc	135.00	-1.46	7,391,232

KUWAIT

Company Name	Lt Price	% Chg	Volume
Kuwait Real Estate Holding C	39.00	20.00	4,059,775
Kuwait Reinsurance Co Ksc	370.00	0.00	401
Kuwait Remal Real Estate Co	22.60	-3.42	3,650,280
Kuwait Resorts Co Kscc	77.20	0.26	748,342
Kuwait Telecommunications Co	884.00	-0.34	42,721
Kuwaiti Syrian Holding Co	35.00	0.00	176,750
Livestock Transport & Tradng	186.00	-3.13	377,214
Mabanee Co Kpsc	745.00	0.54	1,482,216
Manazel Holding	54.70	-2.32	3,305,733
Mashaer Holding Co Ksc	68.00	-4.63	753,410
Mena Real Estate Co	45.00	0.00	1,894,374
Metal & Recycling Co	172.00	-3.91	16,850
Mezzan Holding Co Kscc	615.00	2.50	2,154,671
Mobile Telecommunications Co	601.00	0.00	4,753,009
Mubarrad Holding Co Ksc	98.80	9.78	9,618,756
Munshaat Real Estate Project	83.00	2.47	65,505
National Bank Of Kuwait	829.00	0.24	9,831,126
National Cleaning Company	70.00	3.24	7,258,178
National Consumer Holding Co	60.20	-10.15	75,489
National Industries Co Ksc	167.00	1.21	409,500
National Industries Grp Hold	224.00	6.67	29,552,718
National International Co	88.00	3.29	5,932,792
National Investments Co	193.00	-1.03	576,893
National Mobile Telecommuni	639.00	0.47	29,760
National Petroleum Services	950.00	0.00	-
National Real Estate Co	188.00	-1.57	31,294,751
National Shooting Company	35.80	2.87	679,222
Noor Financial Investment Co	237.00	-0.84	720,719
Osos Holding Group Co	95.90	4.24	100,500
Osoul Investment Kscc	97.00	-1.82	158,858
Oula Fuel Marketing Co	155.00	-3.13	297,260
Palms Agro Production Co	66.10	0.00	-
Privatization Holding Compan	52.50	2.94	7,372,649
Qurain Petrochemical Industr	427.00	-0.47	130,471
Ras Al Khaimah White Cement	63.90	0.00	-
Real Estate Asset Management	90.20	0.00	-
Real Estate Trade Centers Co	58.00	-1.69	11,900
Salbookh Trading Co Kscp	46.40	1.31	1,467,294
Salhia Real Estate Co Ksc	521.00	-1.70	759,381
Sanam Real Estate Co Kscc	55.00	0.00	16,858
Securities House/The	72.10	22.83	53,465,574
Shamal Az-Zour Al-Oula For T	256.00	0.39	6,456,382
Sharjah Cement & Indus Devel	42.00	-2.10	83,966
Shuaiba Industrial Co	177.00	0.00	31,343
Sokouk Holding Co Sak	23.30	0.00	-
Soor Fuel Marketing Co Ksc	146.00	-3.31	411,125
Specialities Group Holding C	105.00	0.96	5,959,573
Sultan Center Food Products	177.00	-4.84	6,047,865
Taameer Real Estate Invest C	31.90	-2.74	8,410,702
Tamdeen Real Estate Co Ksc	258.00	0.00	-
Tamkeen Holding Co	0.00	0.00	-
Tijara And Real Estate Inves	54.00	-0.37	4,442,038
Umm Al Qaiwain General Inves	76.90	0.00	-
Unicap Investment And Financ	72.50	8.05	2,199,685

OMAN

Company Name	Lt Price	% Chg	Volume
Voltamp Energy Saog	0.16	0.00	-
Vision Insurance Saoc	0.07	0.00	100,000
United Power/Energy Co- Pref	0.90	0.00	-
United Power Co Saog	1.02	0.00	68,891
United Finance Co	0.04	0.00	102,894
Ubar Hotels & Resorts	0.13	0.00	-
Takaful Oman	0.11	0.00	-
Taageer Finance	0.07	0.00	34,685
Sweets Of Oman	0.55	0.00	-
Sohar Power Co	0.05	0.00	-
Sohar International Bank	0.09	0.00	433,388
Smn Power Holding Saog	0.07	-7.14	154,725
Shell Oman Marketing - Pref	1.05	0.00	-
Shell Oman Marketing	0.81	1.00	17,688
Sharqiyah Desalination Co Sa	0.12	0.00	-
Sembcorp Salalah Power & Wat	0.08	1.27	79,725
Salalah Port Services	0.60	0.00	-
Salalah Mills Co	0.53	0.38	37,518
Salalah Beach Resort Saog	1.38	0.00	-
Sahara Hospitality	2.78	0.00	-
Renaissance Services Saog	0.40	-0.98	111,728
Raysut Cement Co	0.29	-2.04	124,714
Phoenix Power Co Saoc	0.05	2.08	179,572
Packaging Co Ltd	2.21	0.00	-
Ooredoo	0.39	-0.51	74,530
Ominvest	0.32	0.00	72,000
Oman United Insurance Co	0.38	0.00	150,400
Oman Telecommunications Co	0.78	0.00	102,800
Oman Reit Fund	0.09	0.00	-
Oman Refreshment Co	1.32	0.00	-

OMAN

Company Name	Lt Price	% Chg	Volume
Oman Qatar Insurance Co	0.09	0.00	130,000
Oman Packaging	0.31	0.00	-
Oman Oil Marketing Company	0.72	0.00	-
Oman National Engineering An	0.09	0.00	10,000
Oman Investment & Finance	0.10	0.99	356,368
Oman Flour Mills	0.68	0.00	5,000
Oman Fisheries Co	0.09	0.00	-
Oman Europe Foods Industries	1.00	0.00	-
Oman Education & Training In	0.24	0.00	-
Oman Chromite	3.64	0.00	-
Oman Chlorine	0.25	0.00	1,768
Oman Ceramic Company	0.42	0.00	-
Oman Cement Co	0.25	-0.79	100,000
Oman Cables Industry	0.87	0.00	37,160
Oman Arab Bank Saog	0.15	0.00	-
Oman & Emirates Inv(Om)50%	0.05	-4.17	110,569
Natl Aluminium Products	0.11	3.64	1,167,217
National Real Estate Develop	5.00	0.00	-
National Mineral Water	0.09	0.00	-
National Life & General Insu	0.40	0.00	-
National Gas Co	0.15	-1.31	13,000
National Finance Co	0.12	-1.67	25,000
National Detergent Co Saog	0.67	0.00	-
National Biscuit Industries	3.96	0.00	-
National Bank Of Oman Saog	0.16	0.00	110,000
Muscat Thread Mills Co	0.08	0.00	-
Muscat Insurance Co Saog	0.35	0.00	-
Muscat Gases Company Saog	0.19	0.00	18,046
Muscat Finance	0.05	0.00	228,521
Muscat City Desalination Co	0.09	0.00	244
Musandam Power Co	0.32	0.00	-
Majan Glass Company	0.18	0.00	-
Majan College	0.15	2.74	29,681
Hsbc Bank Oman	0.10	1.00	110,517
Hotels Management Co Interna	1.25	0.00	-
Gulf Stone	0.12	0.00	-
Gulf Mushroom Company	0.25	0.00	-
Gulf Invest. Serv. Pref-Shar	0.00	0.00	-
Gulf International Chemicals	0.10	-1.89	20,000
Gulf Hotels (Oman) Co Ltd	3.88	0.00	-
Global Fin Investment	0.05	0.00	-
Galfar Engineering&Contract	0.05	-1.85	364,050
Galfar Engineering -Prefer	0.39	0.00	-
Financial Services Co.	0.18	0.00	-
Financial Corp/The	0.08	0.00	-
Dhofar Tourism	0.49	0.00	-
Dhofar Poultry	0.18	0.00	-
Dhofar Intl Development	0.27	0.00	-
Dhofar Insurance	0.16	1.88	10,733
Dhofar Generating Co Saoc	0.15	0.00	61,600
Dhofar Fisheries & Food Indu	1.28	0.00	-
Dhofar Cattlefeed	0.10	0.00	2,287
Dhofar Beverages Co	0.26	0.00	-
Construction Materials Ind	0.03	0.00	-
Computer Stationery Inds	0.26	0.00	-
Bankmuscat Saog	0.39	0.00	1,235,965
Bank Nizwa	0.10	1.06	130,815
Bank Dhofar Saog	0.11	0.00	254,327
Arabia Falcon Insurance Co	0.11	9.38	35,000
Aman Real Estate Inve Reit	0.10	0.00	-
Aloula Co	0.04	0.00	-
Al-Omaniya Financial Service	0.10	0.00	491,897
Al-Hassan Engineering Co	0.01	0.00	-
Al-Fajar Al-Alamia Co	0.69	0.00	-
Al-Anwar Ceramic Tiles Co	0.35	0.00	702,506
Al Suwadi Power	0.06	0.00	300,000
Al Sharqiya Invest Holding	0.09	-2.13	254,004
Al Maha Petroleum Products M	0.57	-1.72	10,000
Al Maha Ceramics Co Saoc	0.30	1.33	188,831
Al Madina Takaful Co Saoc	0.09	0.00	1,136,869
Al Madina Investment Co	0.02	0.00	-
Al Kamil Power Co	0.25	0.00	-
Al Jazerah Services -Pfd	0.55	0.00	-
Al Jazeera Steel Products Co	0.37	1.10	425,865
Al Jazeera Services	0.33	1.22	136,640
Al Buraimi Hotel	0.88	0.00	-
Al Batinah Power	0.06	0.00	161,000
Al Batinah Hotels	1.97	0.00	-
Al Batinah Dev & Inv	0.05	0.00	-
Al Anwar Investments Co Sao	0.09	0.00	43,000
Al Ahlia Insurance Co Saoc	0.31	0.00	5,000
Ahli Bank	0.11	-0.93	55,591
Acwa Power Barka Saog	0.48	0.00	-
Abrasives Manufacturing Co S	0.05	0.00	-
A'saffa Foods Saog	0.50	0.00	-
OMan Oil Marketing Co-Pref	0.25	0.00	-

LATEST MARKET CLOSING FIGURES

Rio Tinto shareholders reject executives' pay in ancient caves blast backlash

Reuters
Melbourne

A majority of Rio Tinto's shareholders rejected the global miner's executive pay packages yesterday, in a backlash over its destruction last year of ancient rock shelters in Western Australia.

Rio Tinto blasted 46,000-year-old rock shelters at Juukan Gorge last May to expand an iron ore mine, sparking condemnation from investors, politicians, its own staff and the wider community.

Following the company's Australian annual meeting, Rio Tinto said more than 60% of votes cast by investors in the Anglo-Australian dual-listed company were against its remuneration report.

Although shareholders rejected the proposed payouts, the vote was advisory only, and will not impact the $55mn earmarked in salary and bonuses for the company's top 14 executives, as booked in the company's annual report.

"This constitutes a 'first strike'," the company said.

In Australia, if a company's executive pay package is rejected two years in a row, the board could face a vote to be removed.

"The Board acknowledges that the executive pay outcomes in relation to the tragic events at Juukan Gorge are sensitive and contentious issues," it said in a statement with the vote results.

A sign adorns the building where mining company Rio Tinto has their office in Perth, Western Australia (file). Rio Tinto blasted 46,000-year-old rock shelters at Juukan Gorge last May to expand an iron ore mine, sparking condemnation from investors, politicians, its own staff and the wider community.

Widespread anger at the destruction of the caves cost the jobs of its chief executive Jean-Sebastien Jacques and two other senior leaders and led Chairman Simon Thompson to flag he would step down in 2022.

Proxy advisers CGI Glass Lewis, Institutional Shareholder Services (ISS), and the Australian Council of Superannuation Investors (ACSI) recommended voting against the pay report, all raising concern about the long-term incentives Jacques was allowed to hold on to after the caves destruction.

Jacques kept £5.7mn of his long-term incentive award, losing only £1mn as a result of the cave blasts.

CGI Glass Lewis said it had "severe reservations with the size of the awards vesting" for Jacques under his 2016 long-term incentives plan.

Rio chairman Thompson told shareholders the company had withheld as much as the board considered "legally defensible" under the terms in place in 2016 when the incentives were set and also took into account that Jacques was losing his job.

Investors overwhelmingly approved a new policy which allows directors to claw back long-term awards for a situation like the Juukan Gorge disaster, where actions were not illegal or fraudulent but damaged the company's reputation and its social licence.

In a further sign of shareholder discontent, 26% of votes were against the re-election of Megan Clark, who heads the board's sustainability committee.

That compared with less than 5% opposition to other directors' re-election.

Chinese electric car maker Nio eyes Europe with Norway foray

Bloomberg

Chinese electric car upstart Nio Inc will take its first step outside its home market, opening a showroom and beginning to sell vehicles in environmentally conscious Norway.

Nio will start delivering the latest version of its ES8 all-electric six- or seven-seat sports utility vehicle to the Nordic nation in September, Chief Executive Officer William Li said at an event in Shanghai yesterday. Its first electric vehicle sedan, the ET7, will launch in the second half of 2022. Preorders for the ES8 are expected to start shortly.

"Launching in the European market will definitively help us grow," Li said. It will set a "higher bar as we're entering developed countries with more aggressive competition."

Choosing Norway as its European beachhead presents opportunities and challenges for Shanghai-based, US-listed Nio. Norway last year became the first nation in the world to see electric cars seize a majority of annual vehicle sales, thanks to green-friendly government incentives and extensive charging infrastructure. The country wants all cars sold there to be zero-emission in 2025. However, little known outside China, Nio will be going up against more-established EVs like Audi's e-Tron SUV, Tesla Inc's Model 3 sedan and Nissan Motor Co's Leaf hatchback.

Even traditional Chinese automakers, from Great Wall Motor Co to Geely Automobile Holdings Ltd, have struggled to crack overseas markets, held back by a lack of name recognition, perceived question marks over their quality and reliability, and a dearth of dealer and service networks. Both Great Wall and Geely got less than 10% of their revenue outside their home market last year, according to compiled by Bloomberg.

It's also a risky move for a company that less than two years ago was on the brink of collapse before getting a funding lifeline from the Hefei municipal government. While Nio last week reported a narrower first-quarter loss, it's facing stiff competition in China from rival startups Xpeng Inc and Li Auto Inc, as well as facing new challenges from tech giants like Baidu Inc and Xiaomi Corp, which are pouring billions of dollars into EV investments. Global automakers from BMW AG to Volkswagen AG are also rolling out new models to grab a bigger slice of the market.

Nio is also planning to bring its upmarket Nio Houses – a combination showroom, meeting space and cafe for car enthusiasts – to Europe. Spending on the splashy club-like Nio Houses contributed to the cash burn that almost sank the company, and had to be wound back as it preserved money.

The company has leased a 2,150-square-meter space spread in central Oslo for its first showroom and will have four smaller-sized Nio Spaces in Bergen, Stavanger, Trondheim and Kristiansand. Merchandise from the Nio Life line will arrive at some point.

Nio is planning on going with a direct sales model, supported by service centres and mobile-service cars, in Norway, unlike other Chinese carmakers that have opted to partner with local dealers.

Aichi Automobile has delivered more than 1,000 vehicles in Europe since making its first exports in May 2020, while Xpeng delivered 100 of its G3 SUVs to Norway in December, and has made a second shipment, a spokeswoman said, without giving specific details.

Nio will also build four battery-swap stations in Norway this year with another 12 planned in 2022 across five cities. By constructing battery-swap stations, Nio is setting up the infrastructure for not only charging options but also its battery-as-a-service concept, whereby customers can buy a car and lease the battery. That makes for much lower upfront payments. Initially, battery-swap stations will be made in China and shipped to Europe, although over time, Nio may consider local production.

Beyond Norway, some analysts expect Europe to overtake China as the world's biggest EV market this year. The region make account for 44% of global passenger EV sales in 2021, compared with 39% for China, according to BloombergNEF.

Li also said Nio one day plans to enter the US market, but hasn't any specific time frame.

How an oil company becomes a renewables company

By Nathaniel Bullard
Washington

Last week a raft of oil majors released their first-quarter results, with companies like Royal Dutch Shell Plc showing a return to pre-pandemic profit levels. At the same time, some of the majors increased their energy transition commitments: as my Bloomberg Intelligence colleagues Salih Yilmaz and Will Hares noted on Twitter, Spanish firm Repsol SA devoted 40% of its capital expenditure to low-carbon projects, and France's Total SE stated plans to increase its renewable energy capacity five-fold over the next four years.

There are energy-transition commitments, though, and then there are energy-transition results. And on the latter side, one company shines: Norway's state-owned oil producer, Equinor ASA. It posted more than $2.6bn of earnings in the first quarter of 2021, 49% of which was from renewable energy.

Last quarter, Equinor earned more from renewables than it did from oil and gas exploration and production.

But Equinor's results are more than evidence of a successful renewable-energy strategy. They're also a sign of the challenge ahead for other oil majors with similar ambitions.

Equinor's capital gains in renewables came from "farm downs," i.e. the selling of assets at various stages of development to new owners. (Another term for farm down is "asset rotation," which I discussed last week.) Equinor divested a 50% interest in two US offshore wind projects and a 10% interest in two UK offshore wind farms. While asset rotation is slowing down in the power utility sector, it seems to be working fine for Equinor.

More interesting than the farming down itself is who Equinor is farming down to: two other European oil majors! BP Plc is buying into the US projects, and Italy's Eni SpA is buying into the UK projects – or in other words, BP and Eni are paying Equinor for the privilege of taking on the earlier stages of developing offshore wind.

Therein lies the challenge for Big Oil's energy transition plans. Equinor's way to benefit from renewable-energy assets is, essentially, to put in the early work of developing them – and then reap the cash benefits of selling them to others. Importantly, early wind development is more time-dependent and expertise-dependent than it is capital-dependent. Equinor's US wind assets are the result of its success in the country's 2018 offshore-lease auction, when it won stakes with a bid of $135mn. In its latest earnings statement, the company says BP paid $1.2bn for those same assets, netting the Norwegian company $1bn on the deal.

Equinor is a special creature in a few ways. First, one of the reasons it could be an early developer of US offshore wind is that it has decades of experience developing and operating offshore oil and gas assets. Other oil majors (in particular BP) can claim the same expertise, but Equinor seems particularly adept at it.

Second, the company is two-thirds owned by the Kingdom of Norway, with Norway's Government Pension Fund Global, also known as Norges Bank, owning another 3.59% of the company via Folketrygdfondet, which is authorised to invest 85% of its funds in Norwegian companies. Not only is the government a particularly patient and committed shareholder, it also has a hand in its portfolio companies' strategies. The Folketrygdfondet "has an interest in an orderly transition in line with the Paris Agreement" and expects that its portfolio companies "integrate climate change considerations into policies and strategy."

So to recap: Norway reinvests its state-oil company's revenues back into the said oil company, while also helping drive said oil company's energy transition strategy. As Equinor's first-quarter results show, all of this effort and coordination has made it possible for an oil company to get half its revenues from renewable energy, at least for now. Other oil majors reaching for that same brass ring will have their work cut out for them, certainly – and may continue to resort to buying assets from each other in their quest to get there.

■ Nathaniel Bullard is BloombergNEF's Chief Content Officer.

US weekly jobless claims drop to fresh 13-mth low

Weekly jobless claims drop 92,000 to 498,000; about 16.2mn on unemployment benefits in mid-April; layoffs decrease sharply in April

Reuters
Washington

File photo taken on March 10 shows a man crossing the street in the South Bronx in New York City. The US government has provided nearly $6tn in pandemic relief over the past year.

Fewer Americans filed new claims for unemployment benefits last week as the labour market recovery gains steam amid an economic boom, which is being fuelled by a rapidly improving public health situation and massive government financial assistance.

Labour market strength was reinforced by other data yesterday showing US-based employers in April announced the fewest job cuts in nearly 21 years.

The reports added to other upbeat employment data in suggesting that the economy enjoyed another blockbuster month of job growth in April.

But the labour market is not out of the woods yet, with about 16.2mn people still on unemployment benefits.

"Claims are signalling a recovery in the labour market recovery," said Gus Faucher, chief economist at PNC Financial in Pittsburgh, Pennsylvania. "Although unemployment remains elevated, the labour market is rapidly recovering."

Initial claims for state unemployment benefits tumbled 92,000 to a seasonally adjusted 498,000 for the week ended May 1, the Labor Department said.

That was the lowest since mid-March 2020, when mandatory shutdowns of nonessential businesses were enforced to slow the first wave of Covid-19 infections.

Economists polled by Reuters had forecast 540,000 applications for the latest week.

The government has provided nearly $6tn in pandemic relief over the past year.

Americans over the age of 16 are now eligible to receive the Covid-19 vaccine, leading states like New York, New Jersey and Connecticut to lift most of their coronavirus capacity restrictions on businesses.

Reports on Wednesday showed private employers hired the most workers in seven months on April, while a measure of services industry jobs rose to more than a 2-1/2-year high. Consumers' perceptions of the labour market are the strongest in 13 months.

In a separate report yesterday, global outplacement firm Challenger, Gray & Christmas said layoffs announced by US-based employers fell 25% in April to 22,913, the fewest since June 2000.

Planned layoffs so far this year are down 84% from the same period in 2020.

According to a Reuters survey of economists, nonfarm payrolls likely increased by 978,000 jobs last month after rising by 916,000 in March.

That would leave employment about 7.4mn below its peak in February 2020.

Estimates range from as low as 656,000 to as high as 2.1mn jobs.

The Labor Department will publish April's employment report today.

Jobless claims have dropped from a record 6.149mn in early April 2020.

They are, however, well above the 200,000-250,000 range that is viewed as consistent with a healthy labour market.

Part of the elevation has been blamed on fraud as well as the enhancement of the unemployment benefits programmes, including a weekly $300 subsidy, which could be encouraging some people to attempt to file a claim for assistance, though not every application is approved.

Including a government-funded programme for the self-employed, gig workers and others who do not qualify for the regular state programmes, 605,884 people filed for claims last week.

These benefits and the weekly subsidy end in early September.

They have been blamed for worker shortages across many industries.

"The government is paying more to be on the unemployment rolls than the private sector is paying to work at their businesses," said Joel Naroff, chief economist at Naroff Economics in Holland, Pennsylvania. "The choice is clear, at least until the enhanced benefits run out."

World food price index climbs in April; highest since mid-2014: FAO

Reuters
Rome

World food prices increased for a 11th consecutive month in April, hitting their highest level since May 2014, with sugar leading a rise in all the main indices, the United Nations food agency said yesterday.

The Food and Agriculture Organization's food price index, which measures monthly changes for a basket of cereals, oilseeds, dairy products, meat and sugar, averaged 120.9 points last month versus a revised 118.9 in March. The March figure was previously given as 118.5.

The Rome-based FAO also said in a statement that new forecasts pointed to growth in both world wheat and maize output in the coming season.

FAO's cereal price index rose 1.2% in April month-on-month and 26% year-on-year.

Worries about crop conditions in Argentina, Brazil and the United States pushed maize prices up 5.7% last month, while wheat prices held largely steady.

By contrast, international rice prices slipped, FAO said.

FAO's vegetable oil price index rose 1.8% on the month, pushed higher by rising soy, rapeseed and palm oil quotations, which offset lower sunflower oil values.

Dairy prices rose 1.2%, with butter, skim milk powder and cheese all lifted by good demand from Asia, while the meat index climbed 1.7%. FAO said both bovine and ovine meat quotations rose, supported by "solid demand" from East Asia.

After a sharp drop in March, sugar prices rebounded in April, posting a 3.9% increase on the month and an almost 60% surge on the year.

The monthly increase was prompted by strong buying amid concerns over tighter supplies in 2020/21, due to a slow harvest in Brazil and frost damage in France, FAO said.

FAO raised its forecast for global cereal production in 2020 by 1.7mn tonnes to 2.767bn tonnes, 2.1% up on 2019 levels.

The UN agency also provided its first outlook for wheat in the 2021/22 season, forecasting production at 778.8mn tonnes, up 0.5% on the 2020 estimate, lifted by an anticipated 6% increase in output in the European Union.

BoE slows its bond-buying and sees economy bouncing back more quickly

Reuters
London

The Bank of England slowed the pace of its trillion dollar stimulus programme and forecast a faster recovery for Britain from the coronavirus slump yesterday, but stressed it was not tightening monetary policy.

Governor Andrew Bailey said it was good news that the economy looked set for a stronger recovery than previously forecast, with less unemployment.

But he also stressed there would still be a big shortfall against the economy's pre-pandemic path.

"(Let's) not get carried away. It takes us back by the end of this year to the level of output that we had essentially at the end of 2019 pre-Covid," Bailey said at a news conference after the BoE's decision.

The central bank said it would reduce the amount of bonds it buys each week to £3.4bn, down from a current pace of £4.4bn a week. "The expected completion point of the purchase programme remained unchanged. This operational decision should not be interpreted as a change in the stance of monetary policy," the BoE said.

So far, most central banks in rich countries around the world have stressed they are in no hurry to scale back huge the amounts of support they have provided for their economies.

But the Bank of Canada said last month it could start to raise rates by late 2022 and pared back its bond-buying.

Sterling initially fell on the announcement but then moved higher against the US dollar and recovered against the euro.

Dean Turner, an economist at UBS Global Wealth Management, said the "slightly more hawkish" announcement by the BoE could help sterling to make further gains between now and the end of the year.

The central bank kept its benchmark interest rate at an all-time low of 0.1% and the total size of its bond-buying programme unchanged at £895bn pounds ($1.24tn), as expected by economists polled by Reuters.

BoE chief economist Andy Haldane, who has warned of a possible jump in inflation, cast a lone vote to cut the size of the bond-buying programme by £50bn.

Haldane is due to leave the bank in June.

The BoE raised its forecast for British economic growth in 2021 to 7.25% from a previous estimate of 5.0% made in February.

The increase reflected a smaller-than-feared hit from a third coronavirus lockdown which began in January and the extension of higher public spending and tax cuts announced by Finance Minister Rishi Sunak in March.

The BoE said it now expected unemployment to rise only slightly to a peak of almost 5.5% in the third quarter of this year, when Sunak's jobs protection programme is due to expire.